**1999 Country Reports on Economic Policy and Trade Practices**
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# JAMAICA

## Key Economic Indicators

(Millions of U.S. Dollars unless otherwise indicated)

| | 1997 | 1998 | 1999 | 1/ |
|---|---|---|---|---|
| *Income, Production and Employment:* | | | | |
| Nominal GDP | 6,198.9 | 6,318.9 | 6332.1 | |
| Real GDP Growth Rate 2/ | -2.1 | -0.7 | -0.5 | |
| GDP (at Current Prices) by Sector: | | | | |
| Agriculture, Forestry, and Fishing | 495.5 | 505.3 | N/A | |
| Mining and Quarrying | 344.7 | 309.2 | N/A | |
| Manufacturing | 994.2 | 954.6 | N/A | |
| Construction and Installation | 717.2 | 717.6 | N/A | |
| Electricity and Water | 136.4 | 145.1 | N/A | |
| Transportation, Storage and Communication | 687.8 | 746.7 | N/A | |
| Retail Trade | 1,418.3 | 1,454.0 | N/A | |
| Real Estate Services | 314.1 | 338.2 | N/A | |
| Government Services | 750.5 | 799.5 | N/A | |
| Finance | 39.7 | 29.7 | N/A | |
| Other | 299.6 | 319.0 | N/A | |
| GDP Per Capita (US$) | 2,440.2 | 2,468.4 | 2,465.0 | |
| Labor Force (000's) | 1,133.8 | 1,128.6 | N/A | |
| Unemployment Rate (pct) | 16.5 | 15.5 | N/A | |
| *Money and Prices (annual percentage growth):* | | | | |
| Money Supply Growth (M2) Dec-Dec | 12.5 | 7.2 | 9.0 | 3/ |
| Consumer Price Inflation | 9.2 | 7.9 | 5.9 | |
| Exchange Rate (J$/US$) | 35.58 | 36.68 | 39.0 | |
| *Balance of Payments and Trade:* | | | | |
| Total Exports FOB | 1,387.3 | 1,316.3 | 1,245.8 | |
| Exports to U.S. | 462.9 | 520.4 | 468.5 | |
| Total Imports CIF | 3,127.8 | 2,991.7 | 2,728.0 | |
| Imports from U.S. | 1,504.4 | 1,523.3 | 1,364.0 | |
| Trade Balance | -1,740.5 | -1,675.4 | -1,482.2 | |

| | | | |
|---|---|---|---|
| Balance with U.S. | -1,041.5 | -1,002.9 | -895.5 |
| External Public Debt 4/ | 3,277.6 | 3,306.4 | 3,030.1 |
| Fiscal Balance/GDP (pct) 5/ | -8.3 | -7.5 | -4.6 |
| Current Account Deficit/GDP | 6.0 | 4.7 | N/A |
| Debt Service Payments/GDP | 28.7 | 39.4 | N/A |
| Net Official Reserves 6/ | 540.0 | 579.4 | 526.2 |
| Aid from U.S. 7/ | 24.7 | 22.0 | 15.8 |
| Aid from Other Countries 8/ | 149.7 | 143.0 | N/A |

1/ 1999 figures are all estimates based on available monthly data as of October.

2/ Growth rate is based on Jamaican Dollars, whereas nominal GDP is shown in U.S. Dollars.

3/ January-July 1999.

4/ Figure as of August 1999.

5/ Jamaican Fiscal Year (April-March) deficit.

6/ Figure as of August 1999.

7/ Estimates include Development, Food, and Military Assistance for FY 97, FY 98 and FY 99.

8/ Estimated commitments for development assistance from Jamaica's Cooperation Partners.

*1. General Policy Framework*

Jamaica is an import-oriented economy. Imports of goods and services totaled USD 3.83 billion or 56 percent of GDP in 1998. Of this total, raw materials amounted to USD 1,507 million, while consumer goods and capital goods amounted to USD 924 million and USD 560 million respectively. Tourism (estimated at 15 Percent of GDP), bauxite/alumina (10 percent of GDP), and manufacturing exports (such as apparel, processing of sugar, beverages and tobacco, etc. - 17 percent of GDP) are the major pillars sustaining the economy. In 1998, these three sectors accounted for 80.5 percent (U.S. dollars 2.35 billion) of the country's foreign exchange earnings. Remittances from Jamaicans living abroad are also a significant source of income and bring in over USD 600 million annually. Both GDP and Foreign exchange inflows are sensitive to changes in the global economy, particularly with respect to commodity prices and the services/tourism sector.

Jamaica has a work force of 1.13 million, representing 64 percent of total population (14 years and over). Women account for 46 percent of the total labor force. Sixty percent of Jamaica's work force is employed in the services sector, contributing about 77 percent of GDP (in constant 1986 dollars). Agriculture accounts for 7 percent of GDP and employs 21 percent of the workforce. The primary products are sugar, bananas, coffee and cocoa. The small size of the Jamaican economy, relatively high production costs (e.g., domestic interest rates) and cheap imports have reduced the contribution of the manufacturing sector over the last several years to about 17.3 percent of GDP in 1998. The once fast growing apparel industry (1980's) began to contract about five years ago. Four factories closed in 1999, five in 1998, and seven in 1997, following more than a dozen factory closures in 1996. Consequently, current employment in the apparel industry is down to approximately 20,000, a decline of 42 percent from its peak in 1994.

The Jamaican economy suffered its third consecutive year of negative growth (0.7 percent) in 1998, Following a contraction of 2.1 percent in 1997 and 1.8 percent in 1996. All sectors excepting bauxite/alumina, energy, and tourism, shrank in 1998. This reduction in aggregate demand and output is the result of the government's continued tight macro-economic policies. In part, these policies have been successful. Inflation has fallen from 25 percent in 1995 to 7.9 percent in 1998. Through periodic intervention in the market, the central bank also has prevented any abrupt drop in the exchange rate. The Jamaican dollar declined from an average of 35.58 in 1997 to 36.68 to the U.S. dollar in 1998. However, The exchange rate has been slipping since the beginning of 1999, resulting in an average exchange Rate of Jdols 40.25 to USD 1.00 in November 1999.

Sustained high real-interest rates (commercial interest rates averaged almost 38 percent in the first nine months of 1999), along with increasing uncertainty about the stability of the exchange rate, weakness in the financial sector and lower levels of investment, continue to erode confidence in the productive sector. Unemployment/underemployment has been growing as a result of lower exports, falling domestic demand, and the restructuring of companies. Major cash crops (e.g. sugar and bananas) have been affected by both the high cost of production and prolonged, adverse weather conditions.

The economic recession continued into the first three quarters of 1999. Tourism, and certain service sectors such as electricity and telecommunications are expected to show modest growth, but most other sectors continue to experience difficulties. The GOJ continues to encourage a more open economy by privatizing publicly-owned companies (now including some financial companies and real estate acquired in the last three years via financial-sector restructuring) and through slightly lower interest rates. The government continues its efforts to raise new sovereign debt in international and local financial markets in order to meet its U.S. dollar debt obligations, to mop up liquidity to maintain the exchange rate and to help fund the current budget deficit.

The GOJ hopes to encourage economic activity during 1999/2000 through a combination of privatization, financial sector restructuring, reduced interest rates, and by boosting tourism and related productive activities. However, the path to recovery will depend upon external developments in international markets and the government's ability to restore confidence that has been severely undermined by recent economic challenges and by social unrest.

According to the recent Jamaica survey of living conditions, the poverty rate in Jamaica has been dropping since 1995, from 37.5 percent of households to 15.9 percent in 1998. This is due primarily to the decline in inflation from 25.6 percent in 1995 to 7.9 percent in 1998 and the implementation of the National Poverty Eradication Policy and Program (NPEP). However, despite the drop in poverty rate, access to opportunities for education and health care remain inequitable.

In March 1996, the government of Jamaica adopted the National Industrial Policy (NIP), a long term strategy to achieve sustained economic growth and development. During the first year, the nip's target was to achieve macro-economic stability by maintaining a stable exchange rate and reducing inflation and interest rates. These were substantially achieved. In its second phase, a three-year period beginning in 1997, the NIP aims at achieving stable growth by stimulating investment and export diversification. However, in 1998 most of the NIP targeted sector strategies lagged, mainly because of economic and financial instability in the global economy which dampened domestic prices, and reduced both the volume of investment funds available from the domestic financial sector and the level of foreign direct investment.

The banking and insurance sector is now being restructured by the GOJ. That sector has experienced serious difficulties since the end of 1995, caused by a mismatch of assets and liabilities. The Financial Sector Adjustment Company (FINSAC), a government agency established in February 1997 to provide funding and to reorganize illiquid financial institutions, is now in the second and third phases of restructuring and divesting the assets of these institutions. FINSAC's interventions have amounted to approximately USD 2.3 billion. FINSAC is now in the process of aggressively marketing the assets it acquired, in order to lower the burden of debt servicing. Recent reports indicate that the market value of the assets that FINSAC acquired is now estimated at less than a quarter of the value that FINSAC originally paid.

The Jamaican fiscal year (JFY) April 1999/March 2000 Budget calls for Jdols 160.1 billion in outlays. This is a 25.7 percent increase over the revised 1998/99 Budget. For JFY 1999/00, recurrent expenditure is Estimated at Jdols 87.2 billion and capital Expenditure at Jdols 72.9 billion. Debt servicing is by far the largest expenditure category, accounting for 62 percent of the total budget, followed by: social and community services (17.9 percent); general government services (7 percent); economic development (5.7 percent); defense affairs, public order and safety (5.5 percent); and with the balance applied to unallocated expenditures (2 percent).

The GOJ expects to finance 62 percent of the Jdols 160.1 billion budget with an expected total revenue of Jdols 88.1 billion which includes: tax and non-tax recurrent revenue, capital revenue (royalties, land sales, loan repayments, divestments); and transfers from the capital development fund (including the bauxite levy). The government will fund the balance from debt. The government plans to borrow Jdols 68.2 billion to balance the budget. Of this, 26.3 percent will be obtained through external loans, including institutional project loans (multilateral and bilateral, amounting to Jdols 2.6 billion), and through other international capital markets (Jdols 15.4 billion). The balance of Jdols 50.2 billion will be raised from the domestic market through local registered stock (LRS - Jdols 40 billion) and other (Jdols 10.2 billion). Although the government pledges to raise revenue through a rigorous program of enhanced tax compliance, reduce recurrent expenditure and better manage its fiscal deficit, loss of investor confidence and high levels of under employment will greatly hamper its efforts. Recent civil unrest over increases in fuel prices is tragic testimony to the hardships faced by ordinary Jamaicans and the government's failure to build popular support for greater sacrifices.

The government continues to reduce excess liquidity by issuing "repos", reverse repurchase of treasury bills, (i.e. sale of securities with an agreement to buy back on a later date at a given rate). The Bank of Jamaica's open market operations are one means by which the Government of Jamaica funds its fiscal Deficit.

The Bank of Jamaica (BOJ) continued its tight monetary policy to absorb excess liquidity by issuing long term securities (local registered stock) and short-term treasury bills. In order to stabilize the Jamaican dollar the GOJ continues to accumulate foreign exchange reserves resulting in high borrowing, and sustained high real-interest rates on government securities.

The bank of Jamaica has lowered its cash reserve requirement for commercial banks from 25 percent in August 1998 to 16 percent in October 1999. However, commercial banks have not responded by lowering their lending rates to an appreciable degree. The banks attribute this failure to the number of nonperforming loans carried on their books.

Unable to float a bond issue in the international money markets, the GOJ turned to local markets, issuing U.S. dollar-denominated bonds in August (USD 40 million for five years at 12 percent and USD 10 million for seven years at 11 percent) and in October 1999 (USD 50 million for five years at 11.75 percent). Reportedly, only the USD 40 million issue at 12 percent was fully subscribed.

The bank of Jamaica achieved a positive stock of net international reserves (NIR) in 1993 for the first time since the mid 1970's. The NIR has remained positive, peaking at USD 715.6 million in January 1997. As of September 1999, due to central bank interventions to maintain the exchange rate, the NIR stands at approximately USD 526.24 million, the equivalent of 12.1 weeks of imports.

*2. Exchange Rate Policy*

On September 26, 1991, exchange controls were eliminated to allow for free competition in the foreign exchange market. The principal remaining restriction is that foreign exchange transactions must be done through an authorized dealer. Licenses are regulated. Any company or person required to make payments to the government by agreement or law (such as the levy and royalty due on bauxite) will continue to make such payments directly to the bank of Jamaica. authorized dealers (commercial banks and cambios) are required to sell five percent of their foreign exchange purchases directly to the boj. In addition, under an agreement between the Petroleum Company of Jamaica (Petrojam) and the commercial banks, a further ten percent of foreign exchange purchases are sold to Petrojam.

In 1994, cambios were designated as authorized dealers to promote an increase in the official inflows of foreign exchange. Cambios account for over a third of total foreign exchange purchases by authorized dealers. Reportedly, cambio dealers have been lobbying for increased flexibility in doing business in order to increase their market share and be viable. In 1998, total foreign exchange inflows through commercial banks and cambios increased by 2.1 percent to USD 3.6 billion. From January to September 1999, foreign exchange inflows into the official market declined by 1.6 percent over the corresponding period in 1998 to U.S. dollars 2.65 billion. The average weighted selling rate has been slipping. On November 5, 1998, the rate was Jdols 40.42 to USD 1.00. This decline is the result of uncertainty and speculation arising from unfavorable economic conditions, the postponement of a bond issue by the GOJ in the international market which was expected to help fund the current budget deficit and attractive returns on U.S. dollar bonds issued locally. There is a broad perception in the market that the present exchange rate is not sustainable. However, the GOJ is committed to defending the exchange rate within a targeted band through the bank of Jamaica's intervention.

*3. Structural Policies*

The fair competition act was adopted in 1993 to create an environment of free and fair competition and to provide consumer protection. Free-market forces generally determine prices.

However, certain public utility charges such as bus fares, water, electricity, and telecommunications remain subject to price controls and can be changed only with government approval.

Taxation accounts for 87 percent of total recurrent and capital revenue. Major sources of tax revenue include: personal income tax (38.1 percent of tax revenue), value added tax (29.7 percent) and import duties (10.8 percent). The budget continues to stress a tight monetary policy, intended to curb inflation. The government proposes covering the growing budget deficit by a combination of increased taxes (cigarettes), higher fees (on passports, among other items) for consumers, and by borrowing.

The Common External Tariff (CET) has been gradually reduced over the years. The rate structure was scheduled to be revised downward in four phases. In January 1999, the last phase of CET reduction was implemented in Jamaica with import or customs duty rates reduced for most items by 5 percentage points to a maximum of 20 percent. This figure refers to import duties only. In order to protect local producers, import duties on items such as certain agricultural products (such as chicken, beef and milk) and certain consumer goods carry higher duty rates. In addition to import duties, certain items such as beverages and tobacco, motor vehicles and some agricultural products carry an additional stamp duty (ranging from 25 - 56 percent) and special consumption tax (ranging from 5 - 39.9 percent). Additionally, most imported items are subject to the 15 percent general consumption tax (GCT). Goods originating from CARICOM countries are not subject to import duties.

All monopoly rights of the Jamaica Commodity Trading Company (JCTC) ceased December 31, 1991, but it retains responsibility for the procurement of commodities under government to government agreements such as the P.L. 480 program. This administrative function is now transferred to the trade board effective FY 2000. The U.S. embassy is unaware of any government regulatory policy that would have a significant discriminatory or adverse impact on U.S. exports.

*4. Debt Management Policies*

Jamaica's stock of external (foreign) debt grew marginally by one percent, to Jdols 3.3 billion in 1998. About 45 percent of the external debt is owed to bilateral donors (the United States is the largest bilateral creditor), 33 percent to multilateral institutions (down, due to a policy decision to reduce dependence on the IMF), and 23 percent to commercial banks and others. In 1998, for the third consecutive year, no official-bilateral obligations were forgiven, as took place from 1990 - 1995. According to the bank of Jamaica, the British government recently granted debt relief under the UK/Jamaica commonwealth debt initiative arrangement covering the period April 1, 1999 to march 31, 2000 (amounting to 5.4 million pounds sterling). External debt is likely to increase only marginally or even decline as the government continues to raise more debt denominated in foreign currency on the domestic market. Further, although the bulk of the external debt consists of flows from multilateral and bilateral sources, there has been a growing shift to debt owed to private creditors - largely bond holders.

Actual external debt-servicing during 1998 accounted for 19.86 percent of exports of goods and services. The ratio of total outstanding external debt to exports of goods and services decreased from 177.6 percent in 1990, to 100.3 percent in 1996 as a result of debt reduction efforts and improvements in exports, but has since climbed to 103.3 percent in 1998. Debt-servicing continues to be a major burden on the government budget, accounting for some 62 percent of total outlays. In 1995 Jamaica ended its borrowing relationship with the IMF, but it continues to repay that institution, in order to reduce its overall debt burden. In 1995 Jamaica also completed a Multi-Year Rescheduling Arrangement (MYRA) with the Paris club, negotiated in 1992. The MYRA rescheduled U.S. dollars 281.2 million of principal and interest for the period October 1992 to September 1995.

Jamaica's internal (domestic) debt has ballooned in recent years, from Jdols 23.4 billion in 1993 to Jdols 121 billion in 1998. As of August 1999, the internal debt stood at Jdols 154.4 billion. The main factors contributing to the increased internal debt were: (a) neutralizing increased domestic liquidity resulting from the BOJ's interventions in the foreign exchange market; (b) budgetary financing; (c) liquidity support to commercial banks; and (d) intervening to absorb excess liquidity to maintain a stable exchange rate of the Jamaican dollar. Domestic debt is composed of government securities such as: t-bills (9.1 percent), local registered stock (76.4 percent), bonds (9.5 percent), and loans from commercial banks and other entities (5 percent).

As a part of its debt management strategy, the GOJ plans to borrow from international capital markets in order to take advantage of competitive market rates and to substitute lower-cost external debt for higher-cost domestic debt. However, in mid-1999 as the result of unfavorable market conditions, the GOJ accepted the advice of its lead banker and postponed a ten-year bond offering that was expected to raise as much as USD 300 million in the international market to finance the budget deficit.

*5. Aid*

In 1998, Jamaica received USD 165 million of official development assistance from multilateral agencies and other countries on a bilateral basis reflecting a decline of 5.4 percent over 1997. Bilateral sources contributed USD 64.1 million, while multilateral financial institutions contributed loans and grants valued at USD 97.4 million.

The United States is a major aid donor. In FY 1999, USD 9.9 million was disbursed as development assistance, USD 5 million was provided under the P.L. 480 program, and another USD 945,000 as military aid. In addition, there were 100 Peace Corps personnel who provided technical assistance in the areas of health, education, environment and small business development.

*6. Significant Barriers to U.S. Exports*

Import licenses: although Jamaica has made considerable headway in trade liberalization, some items still require an import license, including: milk powder, plants and parts of plants for perfume or pharmaceutical purposes, gum-resins, vegetable saps and extracts, certain chemicals, motor vehicles, arms and ammunition, certain toys, such as water pistols, and gaming machines.

Services barriers: foreign investors are now encouraged to invest in almost any area of the economy. On September 30, 1999, the GOJ and cable and wireless of Jamaica, ltd. Signed the `new connections' agreement that will end the monopoly rights granted until 2013 and will help phase-out C and W's telecoms monopoly over the course of three years. All existing telecom licenses are to be terminated and all new licenses will have to comply with a new telecommunications act, which parliament is expected to adopt by April 2000. The GOJ has announced the auction of two cellular phone licenses in 2000. However, there are still certain restrictions in the communications field: under the new cable TV policy, licenses are granted preferentially to companies that are incorporated in Jamaica and in which majority ownership and controlling interest are held by Jamaican or CARICOM nationals. In most other areas, there do not appear to be any economic or industrial strategies that have discriminatory effects on foreign-owned investments.

Standards, testing, labeling, and certification: the Jamaican bureau of standards administers the Standards act, the processed food act and the weights and measures act. Products imported into Jamaica must meet the requirements of these acts. These include requirements for labeling. Items sold in Jamaica must conform to recognized international quality specifications. In most cases, Jamaica follows U.S. standards. In recent years, the bureau has become increasingly vigilant in terms of monitoring the quality of products sold on the local market. The quarantine division inspects and determines standards in the case of live animals. The ministry of health may inspect meat imports. In 1995, an amendment to the weights and measures act was passed aimed at enforcing compliance with the metric system of measurement. Imported goods are expected to conform to the metric system.

Investment barriers: the government of Jamaica welcomes foreign investment and there are no policies or regulations reserving areas exclusively to Jamaicans. Foreigners are not excluded from participation in privatization/divestment activities. While each investment proposal is assessed on its own merits, investments are preferred in areas which may increase productive output, use domestic raw materials, earn or save foreign exchange, generate employment, or introduce new technology. The screening mechanisms are standard and nondiscriminatory. The main criterion is the credit-worthiness of the company. Environmental impact assessments are required for new developments. Although both foreign and domestic companies have complained that "red tape" is a hindrance in doing business, foreign investors are treated the same as domestic investors before and after investment.

Government procurement practices: government procurement is generally done through open tenders. U.S. firms are eligible to bid. The range of manufactured goods produced locally is relatively small, so instances of competition between foreign goods and domestic manufacturers are very few. According to recent reports, a National Contracts Commission (NCC) was set up on October 8 to oversee the award and evaluation of government contracts. The NCC, which replaces the government's Contracts Commission, will be the central body responsible for awarding government contracts. On November 5 the Corruption prevention bill was passed in the senate, indicating that the country was making progress in opening up the government to greater scrutiny.

Customs procedures: the customs department has recently been computerized. As of September 1999, all customs entries are being processed electronically in order to facilitate brokers and other customers. However, some of the local brokers are still finding it difficult to adjust to the new system. As a result businesses are likely to face some difficulties until the customs brokers are properly trained.

Anti dumping laws: on July 1, 1999, the GOJ implemented the new upgraded anti-dumping law. Among other things the act provides for the establishment of an anti-dumping and subsidies commission, the imposition of anti-dumping and countervailing duties on goods which are found to have been dumped or subsidized and the exemption of goods from the application of the act.

*7. Export Subsidies Policies*

The export industry encouragement act allows approved export manufacturers access to duty-free imported raw materials and capital goods for a maximum of ten years. Other benefits are available from the Jamaican government's export-import bank, including access to preferential financing through the discounting of export receivables (up to 80 percent of export value at 12 percent), lines of credit, medium term modernization fund (at 18 - 21 percent interest) and export credit insurance. The export-import bank (EX-IM) and the Jamaica Exporters Association (JEA) recently introduced a new joint venture loan program targeting small exporters. The project, called ex-bed, is being financed by the EX-IM bank to the tune of Jdols 10 million at an interest rate of 12 percent per annum to be repaid within 90 days, 120 days and 180 days respectively. JEA will provide technical and financial support through its small business export development project.

In December 1996, the government of Jamaica launched phase one of a Special Assistance Program (SAP) for the export apparel industry. The objective is to improve competitiveness by encouraging companies to make structural changes and implement operational efficiencies. The sap targets the reduction of operational costs, specifically in the areas of rent, security and financing. During phase one of the program, a grant of Jdols 40 million (USD 1.1 million) was made available to cover 5 percent of the companies' costs. Phase two of the program (August 1997 - march 1998), which has now been extended to March 2000, provides an additional Jdols

160 million (USD 4.4 million) to encourage the broader development of the industry, particularly in those areas which will enhance long-term competitiveness. Benefits include loan financing (working capital) through the Ex-Im bank at 12 percent, debt restructuring for local companies through the national investment bank of Jamaica at 18 percent, and finance for the retooling of factories for expansion through the National Development Bank at 13 percent (Jdols loans) and 12 percent (USD loans).

*8. Protection of U.S. Intellectual Property*

Jamaica is a member of the World Intellectual Property Organization (WIPO) and of the Bern Convention (copyright protection). The Jamaican constitution guarantees property rights and has enacted legislation to protect and facilitate the acquisition and disposition of all property rights, including intellectual property. Jamaica and the United States signed a bilateral intellectual property rights agreement in March 1994. In addition, a Bilateral Investment Treaty (BIT) came into force in March 1997 that also contains obligations to respect intellectual property.

Jamaican laws address major areas of intellectual property rights (IPR) protection. Amendments to laws on copyrights and trademarks were made recently. Amendments to the copyright act include the conferment of protection on compilation works such as databases, and would also grant protection to individuals having rights in encrypted transmissions or in broadcasting or cable program services, and a right of action against persons who knowingly infringe those rights for commercial gain. Works already in the public domain in Jamaica would not be accorded protection. Remedies available include injunctions, damages, seizure and disposal/destruction of infringing goods. Penalties may include fines or imprisonment. Licensing for broadcasts is required for subscription TV. To date there are 37 subscriber TV licensees island wide. However, there are reports of unlicensed cable operators conducting business illegally. The broadcasting commission states that it has begun taking steps to halt this illegal activity. All licensees are required to receive permission from program providers before re-broadcasting.

A draft bill on patents has been reviewed and corrections are being made in consultation with WIPO. The office of the parliamentary counsel is completing the revised law, which the government expects to be passed by the end of this year.

Levels of IPR enforcement are limited by overall demands on police and overburdened courts. The government is making efforts to raise public awareness by seminars and publications.

Litigation is a viable option in protecting intellectual property. In 1997, in individual lawsuits in Jamaican courts, U.S. corporations McDonald's and k-mart successfully defended their names and service marks against trademark infringement. In September 1999, the American company Costco International sued a local trading company for carrying out business under their name.

*9. Worker Rights*

*a. The Right of Association:* The Jamaican constitution guarantees the rights of assembly and association, freedom of speech, and protection of private property. These rights are widely observed.

*b. The Right to Organize and Bargain Collectively:* Article 23 of the Jamaican constitution guarantees the right to form, join and belong to trade unions. This right is freely exercised. Collective bargaining is widely used as a means of settling disputes. Industrial actions (generally brief strikes) are frequently employed in both private and public sector disputes. The Labor Relations and Industrial Disputes Act (LRIDA) codifies regulations on worker rights. About 15 percent of the work force is unionized, and unions have historically played an important economic and political role in Jamaican affairs. The public sector is highly unionized. Throughout 1997, the Ministry of Finance has been negotiating new two-year agreements covering tens of thousands of public sector employees. Reduced levels of inflation have enabled government negotiators to avoid budget-busting public sector salary increases.

No free zone factory is unionized. Jamaica's largest unions claim this is because unionization is discouraged in the free zones. The ongoing contraction of the apparel industry and a lack of alternatives for its workforce (largely female heads of household, with minimal qualifications for other employment) are additional disincentives for unionization at the present time. However, in tourist areas, workers are often drawn away by more attractive employment opportunities in the local tourism sector.

*c. Prohibition of Forced or Compulsory Labor:* Forced or compulsory labor is not practiced. Jamaica is a party to the relevant ILO conventions.

*d. Minimum Age for Employment of Children:* The Juvenile Act prohibits child labor, defined as the employment of children under the age of twelve, except by parents or guardians in domestic, agricultural, or horticultural work. While children are observed peddling goods and services, child labor is not institutionalized. Both government and societal views are intolerant of the practice and the use of child labor in formal industries such as textiles/apparel is virtually non-existent.

*e. Acceptable Conditions of Work:* A 40-hour week with 8-hour days is standard, with overtime and holiday pay at time-and-a-half and double time, respectively. The minimum wage is Jdols 800 for a 40-hour week or Jdols 20 per hour. There are frequently additional allowances (e.g. for transportation, meals, clothing, etc.). Unemployment compensation or "redundancy pay" is included in the negotiation of specific wage and benefit packages. Jamaican law requires all factories to be registered, inspected and approved by the Ministry of Labor. Inspections are limited by scarce resources and a narrow legal definition of "factory."

*f. Rights in Sectors with U.S. Investment:* U.S. investment in Jamaica is concentrated in the bauxite/alumina industry, petroleum products marketing, food and related products, light manufacturing (mainly in-bond apparel assembly), banking, tourism, data processing, and office machine sales and distribution. Worker rights are respected in these sectors and most of the firms involved are unionized, with the important exception of the garment assembly firms. No garment assembly firms in the free zones are unionized; some outside the free zones are unionized. There have been no reports of U.S.-related firms abridging standards of acceptable working conditions. Wages in U.S.-owned companies generally exceed the industry average.

**Extent of U.S. Investment in Selected Industries** -- U.S. Direct Investment Position Abroad on an Historical Cost Basis **--** 1998

(Millions of U.S. Dollars)

| Category | | Amount |
|---|---|---|
| Petroleum | | (1) |
| Total Manufacturing | | 144 |
| Food & Kindred Products | -5 | |
| Chemicals & Allied Products | 141 | |
| Primary & Fabricated Metals | 0 | |
| Industrial Machinery and Equipment | 0 | |
| Electric & Electronic Equipment | 0 | |
| Transportation Equipment | 0 | |
| Other Manufacturing | 9 | |
| Wholesale Trade | | (1) |
| Banking | | 11 |
| Finance/Insurance/Real Estate | | 6 |
| Services | | 39 |
| Other Industries | | 1,660 |
| TOTAL ALL INDUSTRIES | | 2,105 |

(1) Suppressed to avoid disclosing data of individual companies.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.